

# National Income in 1938 at 64 Billion Dollars

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**I**N 1938 the national income in the United States, which measures the net value of goods and services produced, totaled 64 billion dollars, or nearly \$500 per man, woman, and child in the country.<sup>1</sup> This aggregate was almost 8 billion dollars, or 11 percent, below the recovery high of 72 billion dollars reached in 1937—the fifth successive year of rising income. Despite this marked drop, income in 1938 continued substantially above the level of the years from 1931 to 1935, and was only slightly below the 1936 level. Although substantial recovery had occurred by 1937, the reversal in 1938 came before a full return to the 1929 dollar income level. The national income in 1938 was 24 billion dollars higher than the depression low of 40 billion dollars recorded in 1932, but was 18 billion dollars under the record total of 82.7 billion for 1929.

With the completion of the 1938 figures, the Department of Commerce presents national income estimates on a uniform and comparable basis for a 10-year period. Over the 10 years from 1929 to 1938, inclusive, the national income of the United States has averaged slightly less than 60 billion dollars annually. For the 5 years 1934 to 1938, inclusive, the national income averaged 61.4 billion dollars per year as compared with 57.7 billion dollars annually for the preceding 5-year period. Income declined in 3 out of the 5 years making up the first half of the decade and increased in 4 of the last 5 years.

During 1938 the nation experienced two marked and divergent trends in the amount of income currently flowing to individuals. The first half of the year was characterized by a continuation of the decline in economic activity which began in the middle of 1937, whereas the second half of the year was marked by substantial recovery. The seasonally adjusted index of monthly income payments to individuals, which appears regularly in the *SURVEY OF CURRENT BUSINESS* showed a decline of 11 percent from August 1937 to May 1938. The index had reached a peak for the

recovery period of 90.2 (1929=100) in August 1937, and declined steadily to 83.5 in January 1938 and to 80.4 in May 1938. In December 1938 the index registered 84.5, having recovered nearly half of the preceding decline. The index has varied within a narrow range during the first few months of 1939, showing a moderate gain over the same period of 1938.

Price changes continued to play an important role in the movement of the dollar income figures. The 11 percent decline in the national income in 1938 was

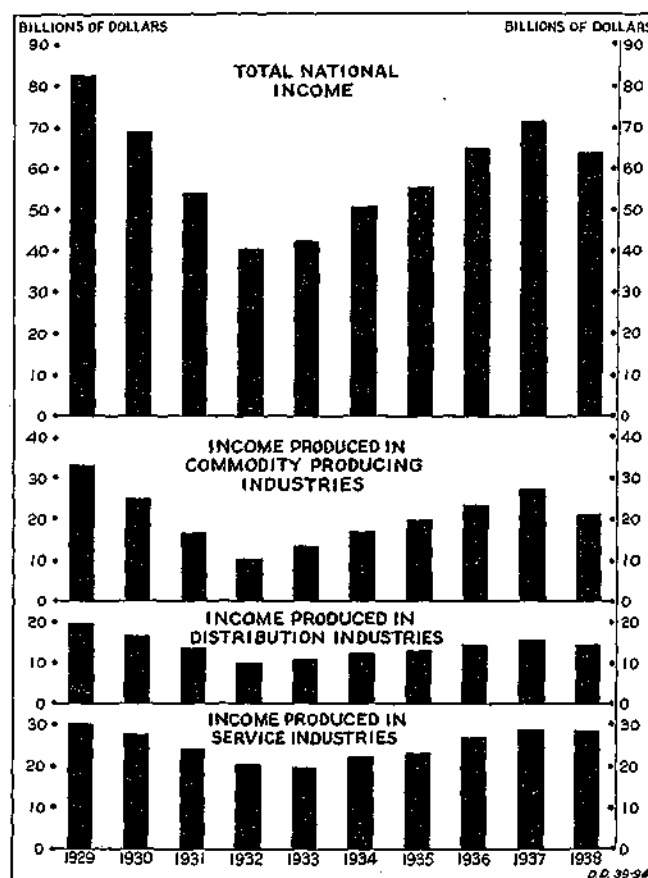


Figure 3.—Industrial Origin of the National Income, 1929-38.

<sup>1</sup> The income figures presented in this article are for all years higher than those previously published. These revisions have been made possible by new census and other primary data and by more intensive studies in those areas for which source material has been least adequate. Estimates of the national income are based on a wide variety of statistical materials and refinements are frequently feasible as new data become available. As has been pointed out in many previous publications of the Department of Commerce on this subject, the estimates are understatements to the extent that information is entirely lacking for certain areas of economic activity, which are generally small in size. It has been the practice to make revisions which source material permits for all years rather than to make some arbitrary determination for uncovered areas. These revisions exert relatively little influence on the trends, as is obvious when the current figures are compared with those published in previous reports of the Department.

For a comprehensive discussion of the concepts and scope of the estimates, the reader is referred to "National Income in the United States 1929-38," copies of which may be purchased from the Superintendent of Documents for 25 cents each. This volume also contains a detailed discussion of the sources and methods used in compiling the estimates, and should be of interest to the technician as well as to the general reader who wishes to inform himself as to the nature and reliability of the estimates.

associated with a 9-percent drop in wholesale prices and a 2-percent decline in the living costs of urban wage earners. It is apparent, therefore, that the 1938 drop in income was accounted for in part by price declines as well as by a reduced volume of goods and services produced. Both wholesale prices and the cost of living were about one-sixth lower in 1938 than in 1929, while the national income in 1938 was nearly one-fourth below the 1929 level. This indicates a production of goods and services in 1938 somewhat less than 10 percent under the quantity output in 1929. On a per capita basis, however, the decline in real income

was considerably larger, since there was an increase of more than 8,000,000 persons, or 7 percent, in the population of the United States from 1929 to 1938. While the national income increased by 24 billion dollars, or 60 percent, from 1932 to 1938, the wholesale price index rose 21 percent and the cost of living increased only 10 percent, thus indicating a real income in 1938 nearly half again as large as the 1932 output.

#### Definition of Terms

A vast quantity of goods and services is created each year as a result of the economic activities of the Nation. The value of these goods and services, after making allowance for the consumption of existing assets in the process of production, is called the *national income*. This total may be defined as the net value of all goods and services produced, or as the gross value of all goods and services produced minus the value of raw materials and capital equipment consumed in current production operations.

The national income is not only a measure of the net value of goods and services produced but also represents the income which is generated to buy these goods and services. In any particular year not all of the national income may be distributed to individuals in return for their productive activities, the part retained by business enterprises being labeled *positive*

*business savings*. In other years the producing units of the Nation may distribute more than is produced, the difference being *negative business savings*. The income distributed by business enterprises to individuals for their services in the form of labor, management, or capital is termed *income paid out* and consists of wages, salaries, other labor income, interest, dividends, net rents and royalties, and entrepreneurial withdrawals.

The concept and estimates of business savings have been the basis of much controversy and misunderstanding. This item is important as a measure of the extent to which the business enterprises of the Nation retain part of their net product during periods of prosperity and sustain decreases in their net worth resulting from current operations during periods of depression. However, business savings do not indicate an excess or deficiency of cash receipts over cash disbursements. There are many accounting entries, such as depreciation, which are reflected in net income and business savings but which are not directly involved in the flow of funds. The purchase and sale of securities and the profits or losses derived therefrom involve monetary transactions but do not affect the national income or business savings, since capital gains and losses are excluded from the estimates by definition.

It is important to note that the estimates of business savings are subject to some degree of error, particu-

Table 1.—National Income, by Industrial Divisions<sup>1</sup>

[In millions of dollars]

Item	1929	1930	1931	1932	1933	1934 <sup>2</sup>	1935	1936	1937	1938
Total national income.....	82,691	69,104	54,249	40,089	42,504	50,611	55,794	65,226	71,853	63,993
Agriculture.....	7,258	5,622	3,729	2,551	3,419	4,553	5,276	5,970	6,378	5,432
Mining.....	1,789	1,237	687	478	534	620	954	1,229	1,428	1,051
Electric light and power, and manufactured gas.....	1,268	1,195	1,130	1,011	941	1,034	1,042	1,116	1,201	1,143
Manufacturing.....	20,297	14,983	10,192	6,012	3,164	10,614	12,405	14,637	17,551	12,803
Contract construction.....	3,762	2,957	1,844	829	547	812	920	1,634	1,561	1,739
Transportation.....	7,005	5,140	4,937	3,623	3,806	3,817	4,136	4,790	5,142	4,400
Communication.....	1,945	1,011	905	722	639	722	757	757	816	804
Trade.....	11,229	9,406	7,589	5,350	4,013	7,023	7,578	8,459	9,181	8,761
Finance.....	8,845	7,840	6,400	5,141	4,552	4,921	5,330	6,044	6,576	6,116
Government, including work-relief wages.....	6,317	6,434	6,432	6,849	6,568	7,628	7,919	9,447	9,133	9,246
Government, excluding work-relief wages.....	6,317	6,434	6,432	6,849	6,568	7,628	7,919	9,447	9,133	9,246
Work-relief wages.....	0	0	0	0	0	0	0	0	0	0
Service.....	9,730	8,881	7,447	5,632	5,368	6,223	6,845	7,661	8,589	8,200
Miscellaneous.....	3,976	3,428	2,925	2,359	2,167	2,498	2,660	2,868	3,048	2,550
Social security contributions of employers.....	0	0	0	0	0	0	0	290	950	1,119
Percentages of 1929										
Total national income.....	100.0	83.6	65.6	48.5	51.4	61.2	67.5	78.9	86.9	77.4
Agriculture.....	100.0	77.5	51.4	35.1	47.1	62.7	72.7	82.3	87.9	74.8
Mining.....	100.0	69.1	38.4	26.7	29.8	51.4	53.3	68.7	79.8	58.7
Electric light and power, and manufactured gas.....	100.0	94.2	89.8	79.7	74.2	81.5	82.2	88.0	94.7	90.1
Manufacturing.....	100.0	73.8	50.2	29.6	40.2	51.8	61.1	73.6	86.5	63.1
Contract construction.....	100.0	78.6	49.0	22.0	14.5	21.6	24.5	43.4	49.5	46.8
Transportation.....	100.0	80.5	69.6	51.1	50.8	53.8	58.3	67.6	72.5	62.1
Communication.....	100.0	96.7	86.9	69.1	61.1	64.7	69.1	73.4	78.1	76.9
Trade.....	100.0	83.3	67.2	47.7	53.3	62.2	67.1	74.9	81.3	77.6
Finance.....	100.0	88.6	72.4	58.1	51.5	55.6	60.3	68.3	74.3	69.1
Government, including work-relief wages.....	100.0	101.9	102.1	100.5	103.9	120.7	125.4	149.5	144.6	155.8
Government, excluding work-relief wages.....	100.0	101.9	102.1	100.5	103.7	120.7	125.4	149.5	144.6	155.8
Work-relief wages.....	0	0	0	0	0	0	0	0	0	0
Service.....	100.0	90.8	76.4	57.8	55.1	63.8	70.2	78.6	88.1	84.1
Miscellaneous.....	100.0	86.2	73.6	59.3	54.3	62.6	66.9	72.1	76.7	64.1
Social security contributions of employers.....	0	0	0	0	0	0	0	0	0	0
Bureau of Labor Statistics wholesale-price index.....	100.0	90.7	76.6	68.0	69.2	78.6	83.0	84.8	90.6	82.5

<sup>1</sup> The grand totals in this and the following tables are obtained by an addition of the totals for each industrial field. The income subtotals by industrial fields are primarily in thousands of dollars. The subtotals entered in tables included in this bulletin are in millions of dollars. These subtotals do not, therefore, always add up exactly to the grand totals given. Revisions in the estimates are discussed in the text.

<sup>2</sup> Estimates of dividends and interest and corporate savings for 1934 and for subsequent years are based on a different industrial classification than are the estimates of the items for earlier years because of a change in the Revenue Act of 1934. Special tabulations of the Bureau of Internal Revenue permitted the making of estimates for 1934 on the earlier basis. For specific items in certain industries the variations are substantial, but for total income the changes were small and the two estimates were averaged.

larily the estimates for unincorporated business enterprises. This is particularly true in agriculture, where the break-down of the net income of farm operators between withdrawals and business savings is highly conjectural. More satisfactory data on capital outlays and inventory changes on farms are expected within the near future which should permit the derivation of better estimates of business savings in this field. Even for corporations many qualifications must be noted, perhaps the most important of which relates to the influence of the revaluation of inventories because of price changes. Such revaluations should not be permitted to influence the estimates of the national income, which is a measure of the value of what is produced and not of changes in values of existing assets resulting from price fluctuations. No attempt has been made to correct these estimates for the effect of inventory revaluations and to that extent the figures are in error.

#### Revisions In Estimates

The estimates presented in this article, through 1937, are similar to or revisions of those which appeared in the publication, *Income in the United States, 1929-37*. The major revisions were made in the manufacturing and trade group, where manufacturers' sales distribution agencies and central administrative offices and auxiliary units of retail and wholesale trade establishments have been covered for the first time. The final reports of the 1935 Census of Manufactures and

Census of American Business provided bases for including these areas of economic activity. Moderate changes were made in the agricultural estimates, as a result of revisions in the Department of Agriculture farm income and expense figures and of the abandonment of the attempt to allow for defaults in certain charges such as taxes, interest, and rent.

In the estimates for government, interest payments on funded obligations of minor civil subdivisions were included for the first time. More than offsetting this upward revision in the field of government was the amount excluded for pensions and compensation to war veterans paid by the Federal Government, and various types of categorical relief and other payments by State and local governments to persons who currently performed no direct services for which these payments were made. This treatment is more in accord with the concepts and scope of the national income estimates.

The 1936 estimates for dividends and corporate savings have been revised in accordance with the 1936 corporation income tax return data recently made available by the Bureau of Internal Revenue. The 1937 and 1938 estimates for these series are based on a tabulation of published reports of about 3,000 corporations and cannot be made final until the publication of the data for these years by the Bureau of Internal Revenue.

Table 2.—Income Paid Out, by Type of Payment

[In millions of dollars]

Item	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Total income paid out.....	90,243	74,414	62,763	49,206	45,565	52,057	55,814	64,207	70,604	65,021
Total compensation of employees.....	52,816	48,248	40,466	31,407	29,535	34,275	37,032	42,512	47,160	43,747
Salaries (selected industries) <sup>1</sup> .....	5,131	5,128	4,303	3,161	2,776	3,156	3,339	3,540	3,963	3,644
Wages (selected industries) <sup>1</sup> .....	14,647	12,275	9,337	6,459	6,757	8,478	9,628	11,123	13,023	10,168
Salaries and wages (all other industries).....	32,391	30,375	20,861	21,337	18,023	20,758	22,200	24,617	26,865	26,011
Work-relief wages <sup>2</sup> .....					646	1,430	1,339	2,383	1,739	2,144
Social security contributions of employers.....						3	7	299	950	1,119
Other labor income.....	448	467	465	451	433	450	520	549	630	661
Total dividends and interest <sup>3</sup> .....	11,518	11,600	10,158	8,286	7,366	7,975	8,065	9,631	10,225	8,476
Dividends.....	5,978	5,801	4,335	2,745	2,209	2,793	3,037	4,807	5,424	3,708
Interest.....	5,546	5,795	5,822	5,277	4,937	5,074	4,927	4,824	4,877	4,812
Entrepreneurial withdrawals.....	12,490	11,803	10,057	8,045	7,247	8,117	8,860	9,788	10,775	10,474
Net rents and royalties.....	3,419	2,763	2,083	1,558	1,418	1,600	1,917	2,275	2,525	2,325
Percentages of 1929										
Total income paid out.....	100.0	92.7	78.2	61.4	56.8	64.9	69.6	80.0	88.1	81.0
Total compensation of employees.....	100.0	91.4	76.6	59.5	55.9	64.9	70.1	80.5	89.3	82.8
Salaries (selected industries) <sup>1</sup> .....	100.0	99.9	83.9	61.6	54.1	61.5	65.1	69.0	77.2	71.0
Wages (selected industries) <sup>1</sup> .....	100.0	82.7	62.9	43.6	45.5	57.1	64.8	74.9	87.7	68.5
Salaries and wages (all other industries).....	100.0	93.8	61.4	66.9	58.4	64.1	68.5	76.0	82.9	80.3
Work-relief wages <sup>2</sup> .....										
Social security contributions of employers.....										
Other labor income.....	100.0	104.2	103.8	100.7	96.7	100.4	116.1	122.5	140.6	147.6
Total dividends and interest <sup>3</sup> .....	100.0	100.7	88.2	71.9	64.0	69.2	69.5	83.6	88.8	73.6
Dividends.....	100.0	97.0	72.5	45.9	37.0	46.7	50.8	80.4	90.7	62.0
Interest.....	100.0	104.1	103.1	98.5	92.2	94.7	92.0	90.5	91.1	89.8
Entrepreneurial withdrawals.....	100.0	94.5	80.5	64.4	58.0	65.0	70.9	78.4	86.3	83.9
Net rents and royalties.....	100.0	80.8	60.9	45.6	41.5	49.4	56.1	66.5	73.9	68.0
Bureau of Labor Statistics cost-of-living index.....	100.0	97.5	89.1	80.2	76.2	79.1	81.1	82.1	84.7	83.4

<sup>1</sup> Includes mining, manufacturing, steam railroads, Pullman, railway express, and water transportation.

<sup>2</sup> Includes pay rolls and maintenance of Civilian Conservation Corps enrollees and pay rolls of Civil Works Administration, Federal Emergency Relief Administration, and the Federal Works Program projects plus administrative pay rolls outside of Washington, D. C., for all except the Federal Works Program. Area office employees and their pay rolls under the Federal Works Program are included with the regular Federal Government employment and pay-roll figures.

<sup>3</sup> Includes also net balance of international flow of property incomes.

### Manufacturing Income Declined One-Fourth

The 1938 drop in the national income resulted primarily from the large declines in three of the four commodity-producing industries. Income produced in 1938 in the manufacturing industry was 4.7 billion dollars, or 27 percent, below the 1937 recovery peak. Agriculture and mining recorded declines of 15 percent and 26 percent, respectively. In these three industries, which accounted for 35 percent of the national income in 1937, the drop in 1938 totaled 6.1 billion dollars, or 24 percent, as compared with the decline of 1.8 billion dollars, or 4 percent, in all other industrial services combined. The contract construction industry,<sup>2</sup> which is also engaged in producing tangible products, recorded a decline of only 5 percent in income produced in 1938. Among the major service and the commodity handling industries, transportation recorded the largest decline in income produced in 1938, falling from 5.1 billion dollars in 1937 to 4.4 billion dollars in 1938, a reduction of 14 percent.

Government was the only major category in which the contribution to the national income was higher in 1938 than in 1937, increasing from 9.1 to 9.8 billion dollars, a rise of 8 percent. This gain of approximately 700 million dollars resulted from a 400 million dollar increase in work-relief wages and a 300 million dollar rise in State and local government income payments. In addition to the contract construction industry, declines of 5 percent or less appeared in the communications, electric light and power and manufactured gas, and service industries.

The very moderate decline in 1938 in the contract construction industry stands in marked contrast to the drop in the income produced by this industry in the years immediately following 1929. During the depression the drop in the contract construction industry was relatively greater than that of any other major industrial group, income produced in this industry fall-

ing, in 1933, to one-seventh of the 1929 level. Despite this relatively favorable showing in 1938, the net value of product of the construction industry was less than half as large in 1938 as in 1929. Income produced in the mining and manufacturing industries was 41 percent and 37 percent lower, respectively, in 1938 than in 1929. However, in each of these three industries, the 1938 totals were more than double those recorded at the low of the depression.

Social security contributions by employers are shown separately in table 1, since data were not available for allocating this item by its industrial origin. Contributions by employees under the social security program could be allocated industrially and are included as part of wages and salaries. Both employer and employee contributions are treated as part of the wage bill of industry and are included in the national-income estimates.

### Income Paid Out Declines 5.7 Billion Dollars

Wages, salaries, dividends, interest, entrepreneurial withdrawals, and net rents paid out by the producing units of the Nation totaled 65 billion dollars in 1938 as compared with 70.7 billion dollars in 1937, a reduction of 8 percent. In 1938 income paid out was more than 1 billion dollars larger than the national income, thus revealing negative business savings for the first year since 1935. In both 1936 and 1937 there were positive business savings, the national income exceeding income paid in 1937 by 1.2 billion dollars. For corporations, the estimates for which are much more satisfactory than are those for unincorporated enterprises, there were negative corporate savings of 600 million dollars in 1937 which increased to more than 1.8 billion dollars in 1938. The estimates of savings for unincorporated enterprises were positive in both 1937 and 1938 because of the estimates of savings in agriculture which are subject to serious limitations. Corporate net income available for dividends declined approximately 3 billion dollars in 1938, as evidenced by the 1.2 billion dollar increase in negative corporate savings and the 1.7 billion dollar decline in dividends.

Table 3.—Percentage Distribution of Income Paid Out, by Type of Payment

Item	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Total income paid out.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total compensation of employees.....	65.8	64.8	64.5	63.7	64.8	65.9	66.3	66.2	66.7	67.3
Total salaries and wages.....	65.3	64.2	63.7	62.8	62.5	62.3	63.0	61.2	62.0	61.3
Work-relief wages <sup>1</sup> .....					1.4	2.7	2.4	3.7	2.5	3.3
Social security contributions of employers.....						0	0	.4	1.3	1.7
Other labor income.....	.5	.6	.8	.9	.9	.9	.9	.9	.9	1.0
Total dividends and interest <sup>2</sup> .....	14.3	15.6	16.2	16.8	16.2	15.3	14.4	14.0	14.4	13.0
Dividends.....	7.4	7.8	8.9	5.6	4.8	5.4	5.4	7.5	7.7	5.7
Interest.....	6.7	7.5	8.3	10.7	10.8	9.7	8.8	7.5	6.9	7.4
Entrepreneurial withdrawals.....	15.6	15.9	16.0	16.3	15.9	15.6	15.9	15.3	15.3	16.1
Net rents and royalties.....	4.3	3.7	3.3	3.2	3.1	3.2	3.4	3.6	3.6	3.6

<sup>1</sup> Includes pay roll and maintenance of Civilian Conservation Corps enrollees and pay rolls of Civil Works Administration, Federal Emergency Relief Administration, and the Federal Works Program projects plus administrative pay rolls outside of Washington, D. C., for all except the Federal Works Program. Area office employees and their pay rolls under the Federal Works Program are included with the regular Federal Government employment and pay-roll figures.

<sup>2</sup> Includes also net balance of international flow of property incomes.

Income paid out in 1938 was nearly 20 billion dollars higher than in 1933, but was more than 15 billion dollars, or one-fifth, below the 80-billion-dollar peak of 1929. Since 1933, income paid out and the national income have not differed by more than 1.5 billion dollars in any year. In 1929 there were positive business savings of 2.5 billion dollars. In 1930, however, income paid out exceeded the national income by 5.3 billion dollars. Negative business savings increased to more than 9 billion dollars in 1932 in which year the national income totaled 40.1 billion dollars and income paid out was 49.3 billion dollars. Negative business savings were reduced to 3.1 billion dollars in 1933.

#### Dividends Off Nearly One-Third

Of the various types of income payments, dividends showed the largest decline and interest the smallest in 1938. As shown in table 2, dividend payments to individuals fell from 5.4 billion dollars in 1937 to 3.7 billions in 1938, a drop of 32 percent. This marked decline in dividends stands in sharp contrast to the situation in 1930 when dividends fell off only 3 percent from the 1929 level. An important factor in the difference is the modification in the undistributed profits tax in 1938. Interest, on the other hand, was only 1 percent lower in 1938 than in the preceding year. Total property income, comprising both dividends and interest, was 17 percent lower in 1938 than in 1937 as compared with declines of 7 percent in total compensation of employees, 8 percent in net rents and royalties, and 3 percent in entrepreneurial withdrawals, which represent the amounts withdrawn from business by farmers, storekeepers, professional practitioners, and

other self-employed persons or operators of unincorporated enterprises.

In those industries in which salaries and wages could be segregated, the decline in 1938 was relatively larger in wages than in salaries. Work-relief wages increased by 400 million dollars, or 23 percent, in 1938 over 1937 and were only slightly below the peak of 1936. Contributions of employers under the Social Security program increased from 950 million dollars in 1937 to 1,119 million dollars in 1938, a rise of 18 percent. This resulted from the increased rate of assessment of pay rolls from 2 percent to 3 percent under title IX of the Social Security Act (the unemployment compensation section).

As a result of the sharp drop in 1938, dividends were 38 percent below the 1929 level. Interest payments in 1938 were only 10 percent lower than in 1929, whereas total labor income and entrepreneurial income were each approximately one-sixth lower. Net rents and royalties remained approximately one-third under that of 1929. In 1938, as compared with 1933, dividends were 68 percent higher, labor income was up 48 percent, and entrepreneurial withdrawals were 45 percent higher.

#### Employees' Share of Income at 67.3 Percent

Table 3 presents the distribution of income paid out by type of payment. In 1938, 67.3 percent of income paid out was disbursed in the form of wages, salaries, social security contributions of employers and other labor income, 13 percent as dividends and interest, 16.1 percent as entrepreneurial withdrawals, and 3.6 percent as net rents and royalties. The share of income

Table 4.—Number of Employees and the Per Capita Income of Employees<sup>1</sup>

Item	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
<b>NUMBER OF EMPLOYEES (THOUSANDS)</b>										
All employees <sup>1</sup> .....	35,501	33,236	29,710	26,195	26,113	28,395	29,553	31,685	33,474	30,795
Salaried employees (selected industries) <sup>2</sup> .....	2,028	2,007	1,762	1,467	1,360	1,501	1,545	1,621	1,736	1,597
Wage earners (selected industries) <sup>3</sup> .....	10,923	9,615	8,133	6,865	7,408	8,524	8,993	9,738	10,586	8,773
Salaried employees or wage earners (all other industries).....	22,550	21,615	19,816	17,863	17,345	18,371	19,015	20,326	21,153	20,425
<b>PER CAPITA INCOME OF EMPLOYEES</b>										
All employees <sup>1</sup> .....	1,475	1,438	1,346	1,182	1,090	1,141	1,190	1,240	1,310	1,293
Salaried employees (selected industries) <sup>1</sup> .....	2,530	2,559	2,442	2,154	2,041	2,102	2,157	2,183	2,283	2,281
Wage earners (selected industries) <sup>1</sup> .....	1,359	1,277	1,148	941	912	995	1,071	1,142	1,230	1,159
Salaried employees or wage earners (all other industries).....	1,436	1,405	1,330	1,194	1,091	1,130	1,168	1,211	1,270	1,273
<b>PERCENTAGES OF 1929</b>										
<b>NUMBER OF EMPLOYEES</b>										
All employees <sup>1</sup> .....	100.0	93.6	83.7	73.8	73.6	80.0	83.2	89.3	94.3	86.7
Salaried employees (selected industries) <sup>1</sup> .....	100.0	99.0	86.9	72.3	67.1	74.0	76.3	79.9	85.6	78.7
Wage earners (selected industries) <sup>1</sup> .....	100.0	88.0	74.5	62.8	57.8	78.0	82.3	89.2	96.9	80.3
Salaried employees or wage earners (all other industries).....	100.0	97.8	92.6	83.1	76.0	78.7	81.3	84.3	88.4	88.6
<b>PER CAPITA INCOME OF EMPLOYEES</b>										
All employees <sup>1</sup> .....	100.0	97.5	91.3	80.1	73.9	77.4	80.7	84.1	88.8	87.7
Salaried employees (selected industries) <sup>1</sup> .....	100.0	101.0	96.5	85.1	80.7	83.1	85.3	86.3	90.2	90.2
Wage earners (selected industries) <sup>1</sup> .....	100.0	94.0	84.5	69.2	67.1	73.2	78.8	84.0	90.5	85.3
Salaried employees or wage earners (all other industries).....	100.0	97.8	92.6	83.1	76.0	78.7	81.3	84.3	88.4	88.6
Bureau of Labor Statistics cost-of-living index.....	100.0	97.5	89.1	80.2	76.2	79.1	81.1	82.1	84.7	83.4

<sup>1</sup> The estimates of the number employed are averages for the year and represent full-time-equivalent numbers for industries in which data permit such adjustments.

<sup>2</sup> Does not include employers and self-employed persons, such as farmers, merchants, independent professional practitioners, etc., nor work-relief employees and unpaid family farm labor.

<sup>3</sup> Includes mining, manufacturing, steam railroads, Pullman, railway express, and water transportation.

paid out in the form of employees' compensation was the largest for the 10-year period covered by these statistics. Work-relief wages and social security contributions of employers accounted for 5 percent of total income disbursed in 1938. If work-relief wages and social security contributions of employers are excluded from both labor income and from total income paid out, the share of labor income would show a slight increase from 65.4 percent in 1937 to 65.6 percent in 1938.

Combined dividends and interest as a share of total income paid out reached a low for the 10-year period in 1938, dropping from 14.4 in 1937 to 13 percent in 1938. The share of dividends in income paid out declined from 7.7 percent in 1937 to 5.7 percent in 1938 and was lower than for any other year except the 1932-34 period. Interest, on the other hand, increased in relative importance from 6.9 percent of income paid out in 1937 to 7.4 percent in 1938.

Although an analysis of the entire 10-year period indicates a considerable degree of stability in the relative shares of the different major types of income paid out, it should also be noted that these aggregates obscure many variations which occur within specific groups or areas of the economy. Thus, while property income has varied only moderately as a share of total income paid out, the two component elements, dividends and interest, have experienced wide fluctuations in relative importance. Labor income falls much more in some industries than in others.

#### Per Capita Earnings Practically Unchanged in 1938

As shown in table 4, the number of employees in 1938, excluding those engaged on work-relief projects and unpaid family farm labor, declined approximately 2.7 million, or 8 percent, from the 1937 total. On the other hand, the per capita salaries and wages per full-time worker were only 1 percent lower in 1938 than in the previous year.

In those industries in which salaried workers and wage earners can be segregated, the number of wage earners declined relatively more in 1938 than did the number of salaried workers; the average salary remained practically unchanged in 1938 as compared with the preceding year, whereas average wages dropped 6 percent. In all other industries combined, the number of employees was reduced by 3 percent in 1938 and average annual earnings showed no change. The Bureau of Labor Statistics cost of living index of urban wage earners dropped from 84.7 in 1937 to 83.4 in 1938. It is apparent that there was very little change in the real income between 1937 and 1938 of those workers who remained fully employed.

Of particular importance is the fact that the total amount of income paid out does not flow directly and immediately to individuals nor do the estimates here

presented include all funds currently flowing to individuals. Thus, income paid out includes both employee and employer contributions under the Social Security program and these contributions are withheld by State and Federal Government agencies. On the other hand, income paid out does not include social security benefits or direct relief disbursements. Also, the estimates of dividends and interest include the amount of these items flowing to life-insurance companies, savings banks, and building and loan associations, which are regarded as aggregates of individuals for the purpose of effecting collective savings. On the

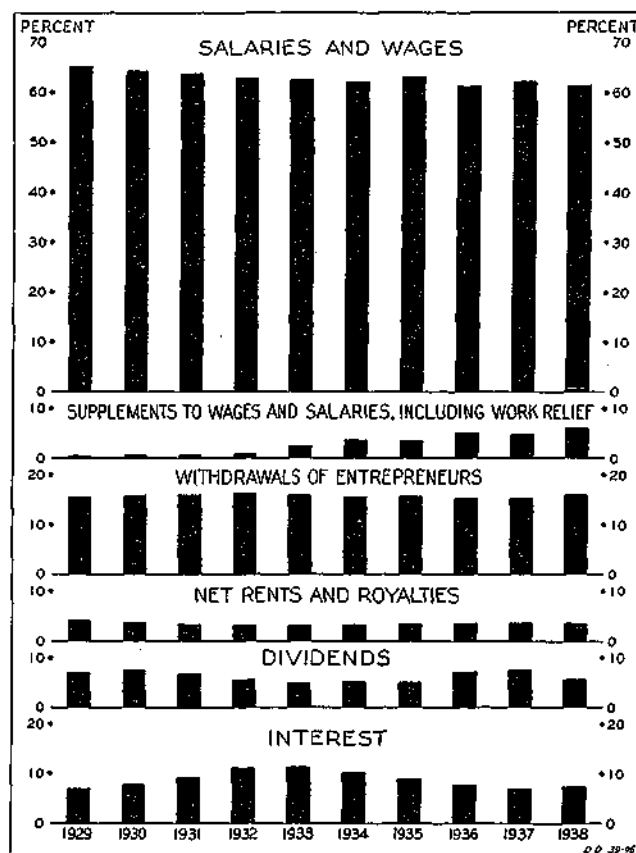


Figure 4.—Percentage Distribution of Income Paid Out by Type of Payment, 1929-38.

other hand, disbursements of these organizations are not included in income paid out nor do the estimates of income paid out include direct relief, gifts, inheritances, and other transfer items.

The monthly estimates of income payments, referred to earlier in this article, more closely approximate the flow of income into the hands of individuals. Included in that series are direct relief, soldiers' bonus, social security benefits, and related other payments for which services are not currently performed. On the other hand, both employer and employee social security contributions are included in income paid out but are excluded from income payments.<sup>3</sup>

<sup>3</sup> "Revised Estimates of Monthly Income Payments in the United States, 1929-38," by Frederick M. Cone, *Survey of Current Business*, October 1938.



Included in table 5 are the estimates of salaries and wages for detailed industrial categories. The changes from 1937 to 1938 varied from industry to industry and within industries to a marked degree. In manufacturing, salaries and wages for the entire industry dropped 20 percent from 1937 to 1938. In the subgroups, the declines varied from 5 percent in the food and tobacco division to 32 percent in the metal and metal-products division. Similarly, in the mining industry, salaries and wages declined 18 percent in the entire industry, whereas the decreases varied from 3 percent in the oil and gas division to 33 percent in the metal division. Sizeable increases in pay rolls from 1937 to 1938 are

shown for public education, the telephone industry, and for counties, townships, and other minor government units.

In some industries, such as anthracite mining and contract construction, pay rolls in 1938 were less than half as large as in 1929. Within the manufacturing industry, salaries and wages in the food and tobacco division in 1938 were less than 4 percent below the 1929 level, whereas pay rolls in the construction materials and furniture division were 42 percent lower in 1938 than in 1929. In all branches of government, pay rolls in 1938 were above those of 1929. In air transportation, pay rolls were four times as large in 1938 as in 1929.

Table 5.—Total Compensation of Employees, by Industrial Groups, 1929-38

Item	Absolute numbers (in millions of dollars)										Percentages of 1929									
	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Total compensation of employees <sup>1</sup> .....	52,817	48,248	40,466	31,407	29,635	34,275	37,032	42,512	47,169	43,747	100.0	91.3	76.6	59.5	55.9	61.9	70.1	80.5	89.3	82.8
Total salaries and wages.....	52,389	47,781	40,001	30,956	28,456	32,392	35,163	39,281	43,851	39,523	100.0	91.2	76.4	59.1	54.3	61.9	67.2	75.0	83.7	76.0
Agriculture, total.....	1,294	1,134	847	584	517	558	639	690	794	758	100.0	88.3	69.0	45.5	40.3	43.5	49.8	53.7	61.8	59.0
Mining, total.....	1,509	1,317	984	662	671	882	927	1,059	1,169	954	100.0	87.3	63.9	43.9	44.5	58.4	61.4	70.2	77.5	63.2
Anthracite.....	257	247	200	146	128	154	136	123	122	100	100.0	96.1	77.8	56.8	49.8	59.9	52.9	50.2	47.5	38.9
Bituminous coal.....	636	531	401	275	297	413	443	520	554	418	100.0	83.6	63.1	43.3	46.8	65.0	69.8	81.9	84.1	65.8
Metal.....	212	176	110	58	57	76	99	138	198	132	100.0	83.0	51.9	27.4	26.9	35.8	46.7	65.1	93.4	62.3
Nonmetal.....	151	139	107	68	62	76	84	104	120	114	100.0	92.1	70.9	45.0	41.1	50.3	55.0	68.9	79.5	75.5
Oil and gas.....	254	224	146	115	127	163	165	168	195	190	100.0	88.2	67.5	45.3	50.0	64.2	65.0	66.1	76.8	74.8
Manufacturing, total.....	15,758	13,590	10,563	7,393	7,463	9,311	10,494	11,878	13,965	11,155	100.0	86.2	67.0	46.9	47.4	59.1	66.6	75.4	88.6	70.8
Food and tobacco.....	1,550	1,480	1,255	1,018	1,043	1,268	1,328	1,411	1,572	1,495	100.0	95.5	81.0	65.7	67.3	81.8	85.7	91.0	101.4	96.5
Paper, printing and publishing.....	1,615	1,620	1,383	1,062	951	1,092	1,168	1,266	1,420	1,306	100.0	100.3	85.6	65.8	58.9	67.6	72.3	78.4	87.9	80.9
Textiles and leather.....	2,899	2,413	2,108	1,523	1,677	1,957	2,176	2,262	2,421	2,018	100.0	83.2	72.7	52.7	57.8	67.5	75.0	73.0	83.5	69.6
Construction materials and furniture.....	1,812	1,447	989	591	608	759	897	1,095	1,292	1,049	100.0	79.9	54.6	32.6	33.6	41.9	49.5	60.5	71.3	57.9
Chemicals and petroleum refining.....	859	818	672	526	530	631	677	719	850	772	100.0	95.3	78.2	61.2	61.7	75.5	78.8	83.7	99.0	89.9
Metal and metal products.....	5,812	4,699	3,271	2,038	2,074	2,910	3,512	4,318	5,499	3,755	100.0	80.8	56.3	35.1	35.7	50.1	43.2	74.3	94.6	64.6
Miscellaneous and rubber.....	611	515	399	235	288	365	399	461	535	417	100.0	84.3	65.3	46.6	47.1	59.7	65.3	75.5	87.6	68.2
Central administrative offices.....	600	597	486	345	292	329	338	345	376	343	100.0	99.5	81.0	57.5	48.7	54.8	56.3	67.5	62.7	57.2
Contract construction, total.....	3,143	2,468	1,604	789	495	708	758	1,308	1,495	1,381	100.0	78.5	51.0	25.1	15.7	22.5	24.1	41.6	47.7	43.9
Transportation, total.....	4,926	4,477	3,760	2,824	2,604	2,841	3,109	3,511	3,827	3,442	100.0	90.9	76.3	57.3	52.9	57.7	63.1	71.3	77.7	69.9
Steam railroads, Pullman, and express.....	3,228	2,849	2,332	1,686	1,561	1,690	1,831	2,056	2,216	1,962	100.0	88.3	72.2	52.2	48.4	52.4	56.7	63.7	68.6	60.8
Water transportation.....	472	443	374	286	297	321	376	434	506	437	100.0	93.9	79.2	60.6	62.9	69.0	79.7	91.9	102.7	92.6
Motor transportation and public warehouses.....	711	703	620	497	433	496	556	652	799	658	100.0	98.0	87.2	69.9	60.9	69.8	78.2	91.7	99.7	92.5
Street railways.....	459	429	382	311	270	285	292	308	324	319	100.0	93.5	83.2	67.8	58.8	62.1	63.6	67.1	70.6	69.5
Air transportation.....	6	9	12	13	13	14	16	20	23	26	100.0	150.0	200.0	216.7	216.7	233.3	266.7	333.3	383.3	433.3
Pipe lines.....	50	44	40	31	30	35	38	41	49	40	100.0	88.0	80.0	62.0	60.0	70.0	76.0	82.0	98.0	80.0
Electric light and power, and manufactured gas, total.....	500	521	484	399	366	403	429	476	543	537	100.0	104.2	96.8	79.8	73.2	80.6	85.8	95.2	106.6	107.4
Electric light and power.....	391	412	375	303	268	309	326	370	437	431	100.0	105.4	96.7	77.5	68.0	76.7	83.4	94.6	111.8	110.2
Manufactured gas.....	109	109	108	96	100	103	103	106	106	106	100.0	100.0	97.2	89.1	91.7	94.5	94.5	97.2	97.2	97.2
Communication, total.....	707	716	641	534	461	489	507	537	603	609	100.0	101.3	90.7	75.5	65.2	69.2	71.7	76.0	85.3	86.1
Telephone.....	590	597	537	458	394	415	432	458	517	532	100.0	101.2	91.0	77.6	68.8	70.3	73.2	77.6	87.0	90.2
Telegraph.....	117	119	104	76	67	74	75	79	86	77	100.0	101.7	88.9	65.0	57.3	62.4	64.1	67.5	73.5	65.8
Trade, total.....	8,413	7,993	6,970	5,414	4,786	5,302	5,509	5,871	6,470	6,248	100.0	95.0	82.8	64.4	58.9	63.0	65.5	69.8	76.9	74.3
Retail trade.....	5,322	5,068	4,469	3,459	3,056	3,316	3,364	3,598	3,959	3,806	100.0	95.2	84.0	65.0	57.4	62.3	63.2	67.6	74.4	71.5
Wholesale trade.....	3,091	2,925	2,501	1,955	1,730	1,986	2,145	2,275	2,511	2,442	100.0	94.6	80.9	63.2	56.0	64.3	69.4	73.6	81.2	79.0
Finance, total.....	2,527	2,419	2,146	1,902	1,704	1,764	1,795	1,925	2,034	1,961	100.0	95.7	84.9	75.3	67.4	69.8	71.0	76.2	80.5	77.6
Banking.....	809	797	725	617	534	566	562	573	597	605	100.0	98.5	89.6	76.3	66.0	70.0	69.5	70.8	73.8	74.8
Insurance.....	985	981	908	783	763	803	843	889	935	920	100.0	99.6	92.2	85.1	77.5	81.5	85.6	90.3	94.9	93.4
Security brokerage and real estate.....	733	641	513	447	407	395	390	463	502	436	100.0	87.4	70.0	61.0	55.5	53.9	53.2	63.2	68.5	59.6
Government, total.....	4,938	5,066	5,052	4,899	4,385	4,548	4,950	5,364	5,558	5,826	100.0	102.6	102.3	99.2	88.8	92.1	100.2	108.6	112.6	118.0
Federal.....	1,398	1,425	1,444	1,359	1,221	1,415	1,678	1,893	1,908	1,932	100.0	101.9	103.3	97.2	87.3	101.2	120.0	135.4	136.5	138.2
State.....	385	404	425	428	409	421	465	519	541	616	100.0	104.9	110.4	111.2	105.2	109.4	120.8	134.8	140.5	160.0
City.....	1,167	1,194	1,138	1,111	934	954	976	1,040	1,102	1,204	100.0	102.3	97.5	95.2	80.0	81.7	83.6	89.1	94.4	103.2
County, township, and minor units.....	376	386	382	377	331	338	350	372	396	420	100.0	102.7	101.6	100.3	88.0	89.9	93.1	98.9	105.3	111.7
Public education.....	1,612	1,657	1,603	1,624	1,490	1,420	1,481	1,440	1,611	1,650	100.0	102.8	103.2	100.7	92.4	98.1	91.9	95.5	99.9	102.6
Service, total.....	6,494	6,021	5,201	4,142	3,680	4,149	4,515	4,992	5,560	5,226	100.0	92.9	80.1	63.8	56.7	63.9	69.5	76.9	85.0	80.5
Professional service.....	1,189	1,215	1,154	1,053	970	973	1,018	1,077	1,135	1,138	100.0	102.2	97.1	88.6	81.6	81.8	85.6	90.6	95.5	95.7
Personal service.....	2,066	1,932	1,601	1,329	1,157	1,406	1,581	1,757	1,927	1,807	100.0	93.5	81.8	64.3	56.9	68.1	76.5	85.0	93.3	87.5
Recreation and amusement.....	478	437	365	294	259	283	316	354	408	392	100.0	91.4	78.4	61.5	54.2	59.2	66.1	74.1	85.4	82.0
Business service.....	484	465	418	336	298	324	328	354	390	380	100.0	96.1	86.4	69.4	61.6	66.9	67.3	73.1	80.6	78.5
Miscellaneous and domestic service.....	2,277	1,982	1,673	1,130	996	1,163	1,272	1,450	1,700	1,509	100.0	87.0	69.1	49.6	43.7	51.1	55.9	63.7	74.7	66.3
Miscellaneous, total.....	2,171	2,030	1,760	1,413	1,234	1,438	1,536	1,699	1,834	1,726	100.0	94.4	81.5	65.1	61.0	66.2	70.8	76.9	84.5	79.5
Work-relief wages.....					646	1,430	1,339	2,363	1,739	2,144										
Employers' contribution to social security.....						3	7	299	950	1,119										
Other labor income.....	448	407	465	451	433	450	520	540	630	661	100.0	104.2	103.8	100.7	96.7	100.4	116.1	122.5	146.6	147.5

<sup>1</sup> Includes salaries and wages, work-relief wages, compensation for injuries, pensions granted under formal private plans, and contributions of employers to social security. The industrial classification covers only salaries and wages.

<sup>2</sup> Does not include certain miscellaneous financial institutions which have been included in "Miscellaneous."

<sup>3</sup> Does not include work-relief wages.

<sup>4</sup> Includes religious, private educational, curative, legal, accounting, and engineering (consulting) activities.

<sup>5</sup> Includes hotels, restaurants, laundries, cleaning and dyeing establishments, apartment houses and office buildings, barber and beauty shops, etc.

<sup>6</sup> Includes motion-picture production and exhibition, radio broadcasting, and all other activities primarily providing entertainment.

<sup>7</sup> Includes advertising agencies, trade associations, chambers of commerce, and other enterprises serving business establishments.

<sup>8</sup> Includes various industries rendering services to automobiles, radios, elevators, watches and other commodities, and domestic service.